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# MEMORANDUM ON PERSIA

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*Printed at the "PARLIAMENT" Press*

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# Memorandum on Opium.

## For The Administrator General of the Finances.

Persia was one of the first nations to take steps to control the opium traffic and to reduce the consumption of opium and opium derivatives within her borders although it has not been possible for reasons which will be detailed in this report, many of them beyond the control of the Government, to place in complete effect up to the present all the measures proposed.

As Persia is to be represented at the November, 1924, conference on the opium question at Geneva, it is desirable that the situation as to Persian opium be reviewed, in order that the Persian delegates may have full information at their disposal as to the actual conditions relative to opium control and as to what can be done now and hereafter to comply with the suggestions of the League of Nations in this respect.

In correspondence and reports transmitted by the Persian Legation in Washington through the Ministry of Foreign Affairs, it is made evident that the question as to whether the Persian Government shall enforce the provisions of the Opium Convention of 1912, to which it has agreed, and withdraw its reservation to Article 3 thereof, must be faced and answered explicitly, and that general statements of intention will not suffice.

It is clear from a review of the correspondence in question that the difficulties confronting the Persian Government in this respect are at least partly understood by the American Government and the League of Nations, and that there appears to be no intention to make unreasonable demands providing that definite progress can be seen in the elimination of the traffic in illicit opium and the continuance of such progress assured.

On the other hand, should the report of the Persian delegates not indicate and assure satisfactory progress in this matter, certain measures which will be harmful to the reputation, prestige and credit of Persia will unquestionably be considered.

These measures will probably include: —

a) Recommendation for boycott on Persian opium by countries which have subscribed to the Hague Convention and accepted the system of opium import certificates devised by the

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Opium Advisory Committee of the League of Nations.

b) Restrictions on shipment in British bottoms of opium not covered by import certificates with prospect that efforts will be made to extend such restrictions to the shipping of all powers signatory to the convention.

c) Obstruction, or, at least, lack of Governmental support to any loan which Persia might wish to make in foreign money markets, particularly those of the United States.

In addition to the foregoing measures, the economic effect of which cannot be disregarded, there is emphasis placed upon the moral isolation of Persia in the matter of opium control and of the discredit which would attach to Persia, if after the Conference, it is published that even such opium growing countries as Afghanistan and Turkey have bowed to the public opinion of the world, which is determined on the suppression of illicit trade in dangerous drugs, while this country, one of the signatories to the original opium convention, alone remains aloof from the moral and humanitarian efforts of the enlightened nations of the world and persists in its attempt to profit in a traffic directly aimed at the health and welfare of its own people and those of other countries.

The foregoing considerations must be borne in mind in any discussion as to Persia's participation in the forthcoming conference.

In determining what instructions shall be given the Persian Delegates, it is necessary to review:

a) The obligations Persia has already assumed.

b) Those that are now being urged upon Persia.

c) What steps have been taken to fulfill existing obligations.

d) What internal and external conditions prevent full execution of existing obligations and the full acceptance of the probable new proposals.

e) What will be the policy of the Persian Government, and how conditioned as to present limited and eventual full acceptance of restriction on opium cultivation and export to medicinal and scientific requirements.

**Obligations Already Assumed.**

Persia was one of the twelve nations represented at the original opium commission which met at Shanghai in 1909 and was also represented at the first International Conference

at the Hague in 1912 and signed the convention, with the exception of Article 3-a, Chapter 1, and of the chapter referring to China. (A summary of this Convention in so far as it effects Persia, is given in appendix I). Article 3-a provides that the contracting powers shall prevent the export of raw opium to countries which shall have prohibited its entry.

The reservation concerning the chapter dealing with China was based on the fact that at that time there were no treaty relations between the two countries.

At the meeting of the assembly of the League of Nations, September, 1923, Prince Arfa-ed-Dowleh declared that he had been instructed to state that: Persia is willing to undertake such investigation as the acceptance of the American principles would entail, and was also ready to withdraw its reservation in regard to Article 3 of the Treaty of 1912 as soon as the Persian Government was in possession of a satisfactory constructive scheme providing for the substitution of other crops for opium, if it could be allowed a certain period of time in which to put the scheme in practice.

The American principles to which the Persian Delegates had reference were proposed by the American Representative at the May, 1923, meeting of the Opium Advisory Commission in Geneva and confirmed in House Joint Resolution 162, first session, 68th. Congress of the United States.

These principles are briefly as follows:-

a) The use of opium products for other than medical and scientific purposes is abuse and not legitimate.

b) In order to prevent abuse, it is necessary to control the production of raw opium in such a manner that there will be no surplus available for non-medicinal and non-scientific purposes.

**Additional Obligations Proposed for Persian Acceptance.**

The proposals listed below have already been made to the Persian Government and it is likely that their acceptance will be pressed in the course of the forthcoming Conference:

a) Withdrawal of reservation to Article 3-a, Treaty of 1912, as without the cessation of both direct and indirect shipments of opium to countries which have prohibited its entry, the efforts of the nations of the world to suppress the trade in dangerous drugs must largely remain futile.

b) Acceptance of the system of import certificates devised by the Opium Advisory

Committee and unanimously approved by the Council and Assembly of the League of Nations. This system requires the procurement by intending importers of dangerous drugs of a certificate from the Government of the importing country to the effect that the importation is for legitimate purposes, and, in the case of drugs covered by Article 3 of the Convention, an additional certification that they are solely for medicinal and scientific purposes.

c) Reduction in production of opium to the quantity required for medicinal and scientific purposes to conform to the principles proposed by the American Delegates to the May, 1923, Conference at Geneva.

**Measures Taken to Execute Existing Laws and Obligations.**

The Persian Parliament realizing the danger of the constantly increasing use of opium within the Empire enacted a law dated 12th, Rabi-ol-Avval A. H., 1329, solar year, 1298, A.D., 1910, which provided for the following: —

1. Government monopoly of Shireh of Soukhteh and its manufacture and sale.

2. Tax increase of three shahis per miscal per annum on Shireh of Soukhteh and stick opium.

3. Prohibition of use of Shireh of Soukhteh and destruction of all Soukhteh produced after seventh year.

4. Prohibition of use of opium for other than medicinal purposes after the seventh year (for text of this law, see appendix II).

Regulations were drafted for the execution of this law which made the monopoly of Soukhteh effective and provided for the centralization of the opium sap and its manipulation in Government warehouses, in order to permit control over the local consumption of opium.

Practically all Shireh dens have been placed under direct Government supervision. Shireh, which is manufactured from the residue of Soukhteh remaining in the pipes after opium has been smoked, is the most dangerous opium derivative now used in Persia. It has been made a Government monopoly and is under strict control. It has not, however, been possible to collect the entire quantity of Soukhteh, as the commission of three shahis per miscal provided in the original law for its collection was too low and was further reduced to one shahi per miscal in A. H., 1333, solar 1293, A. D. 1914, by an amendment to the original law. This rendered smuggling profitable. Authority was later secured for an increase to

two shahis per miscal and a study is now being made with a view to determine whether further increase is necessary.

The increase in the tax on shireh of soukhteh and on opium was made effective as provided in the law until 1916, rising in that period from twelve shahis per miscal for Shireh in 1910 to twenty seven shahis per miscal in 1916 and from six shahis per miscal for stick opium in 1910 to 21 shahis in 1916.

The resulting disorder in the country during the World War when Persia was invaded and made the battle ground of Russian, British and Turkish troops weakened the power of the central government and rendered impossible the enforcement of the opium regulations.

In few places was the Government sufficiently strong to centralize the opium sap in the Government warehouses, which, next to reduction in production, is the first essential in any plan to control either the local consumption or the export trade.

In Isfahan an attempt to centralize the opium sap resulted in the burning of the opium office by the populace. Ten or twelve opium officials were killed or seriously wounded in the various provinces, in an attempt to enforce the regulations.

Thus, when Seyd Zia-ed-Din became Prime Minister in 1921, it might be said that with the best of intentions, the actual results in curtailing production, reducing consumption, or controlling the export traffic, had been negative.

At this time the tax on opium was advanced from 21 to 31 shahis per miscal, but owing to the disturbed conditions in the country, a loss rather than a gain in revenue resulted, and it was again reduced to 21 shahis the following year.

When Sardar Sepah, the present Prime Minister and Minister of War, took over the collection of the Indirect Taxes in 1922, to guarantee the payment of the Army budget, distinct progress was made in the centralization of opium.

Fairly complete centralization of the opium sap was effected in the provinces of Teheran, Kermanshah, Shahroud, Kerman, Hamadan, Toyserkan, and Yezd and partial centralization in Khorassan. An effort was made to put the centralization program into effect in Isfahan, but was abandoned owing to the popular agitation against the measure.

When the American Financial Mission took over the collection of Indirect Taxes, in

December, 1922, every effort was bent to complete the centralization program. Credits double those previously granted were given and a closer control effected in the provinces in which the principle had already been established.

Attempts to effect centralization in Isfahan resulted in serious disturbances. A general strike broke out in the city which tied up practically all commercial activities for a month. More than 7000 peasants from villages all over the province came to the city and took *bast* or refuge in the Telegraph compound, as a protest against the execution of the regulations.

Through the active support of the Council of Ministers, the Minister of War and of the local Governor General and Army Commander, the regulations were finally put into effect, though not until after martial law had been declared and several peasants had been killed in an attempt to return to the town and sack the warehouses and Government offices.

In 1924 the gains made in 1923 were consolidated. All opium in the province of Isfahan was centralized including the peasants' share, which, as a necessary concession, had been left free in 1923. In this year also the centralization scheme was put into effect in Shiraz on the same basis as was done in Isfahan in 1923. The centralization was also extended with considerable success to Borujerd.

A fairly efficient inspection system has, within the last two years, been established in all provinces, and is being constantly improved.

There is still much opium smuggled out of the country, particularly from Khorassan, and also considerable smuggling for local consumption, but this, especially the latter, has been reduced materially.

The transportation of opium sap, sticks and cakes has been brought under control and is conducted under a closely supervised permit system which checks the opium from point of production to destination.

A Civil Service Law has been enacted and placed in effect, which provides that opium users who do not abandon the habit within a fixed period, are discharged from the Government service.

The use of morphine for other than medicinal purposes has been prohibited and the prohibition rendered effective by a strict control at the frontiers and throughout the Empire. Large quantities of morphine and morphine syringes have been confiscated.

When the suggested restrictions on opium shipments in British bottoms first became known, tentative proposals were submitted for the establishment of a factory for the conversion of opium into morphine and other opium derivatives. The establishment of such a factory would have rendered the opium products so easily transportable that the harmful effect of the shipping restrictions would be greatly minimized. The proposal was, however, not entertained as the shipment of opium from Persia in the from of morphine or other derivatives would have been infinitely more dangerous and a greater menace to drug control than is the case with shipments of cake opium.

The manipulation of opium for local consumption and for export has been brought under practically complete control in all the large towns and is conducted either in the Government warehouses, or in the factories of the merchants, under Government supervision.

**Difficulties in Way of More Complete Acceptance at this Time.**

As will have been noted in the remarks relative to progress made in the centralization, the greatest difficulty is experienced in any effort to bring the Persian opium trade under control. This is due to several factors, the most important of which are its economic importance, the vested interests in the trade and the popular and political opposition to any attempt either to curtail a fruitful source of profit, or interfere with the liberty of the individual, even in the use of a dangerous drug.

The economic importance of the opium traffic to Persia cannot well be over-estimated. A description of methods of cultivation and trade channels with estimate of total production is given in appendix III, and available statistics as to import and export are given in appendix IV.

The following will, however, give a general idea of the situation in this respect: —

Persia has an area of approximately 682,000 square miles and a population estimated at twelve millions.

Opium cultivation is scattered in eighteen out of twenty-six provinces, or over an area of approximately 400,000 square miles.

The total production of opium sap in Persia is approximately 300,000 batmans, or 1,950,000 lbs. Two-thirds of this quantity enters the Government warehouses and is thereby brought under control.

The opium production of Persia should under normal conditions yield to the proprietors and peasants an average of 35 tomans per batman of sap, or a total of 10,500,000 tomans.

The opium crop is usually divided on the basis of two-thirds to the peasant and one-third to the proprietor. The proprietor's share would, therefore, be tomans 3,500,000 — and the Government's tithe thereof 350,000 tomans per annum, or one-tenth of the proprietor's share. The exact amount received from this source cannot at present be accurately determined, as the land tax on opium is merged with the general land taxes. The revenues estimated may, however, be accepted as approximately correct.

Other internal revenues collected under various headings amount to Tomans 1,450,000 and export charges to Tomans 247,000. The total opium revenues are, therefore, approximately as follows:—

| | | |
|---|---|---|
| Land Taxes | Tomans | 350,000 |
| Other Internal Taxes | » | 1,450,000 |
| Customs | » | 247,000 |
| Total | Tomans | 2,047,000 |

(For detail of taxes on opium, see appendix IV).

The total revenues of Persia are approximately 23,000,000 tomans per annum. The opium revenues, therefore, comprise 8. 9 % of the total.

The principal export of Persia, which is oil, does not affect the trade balance, except in so far as funds are imported to cover payment of royalties to the Government and of wages to employees.

In Tangouz-il, 1302 (1923-24), the total exports of Persia amounted to 38,400,000 tomans, exclusive of oil, and the opium export through the Customs houses to 6,021,971 tomans, or 15. 6 % of the total export trade of Persia, exclusive of oil.

The export figures are based on exporters' declarations, which are low, owing to the natural desire to conceal profits from the producers.

The average value of the Persian opium exports as indicated by exporters' declarations was Krs. 402- per batman of 6½ pounds in 1301, and 566 Krans in 1302 (1923-24). These declarations are much below the actual value of the exports. Making due allowance

for undervaluation and for the export of contraband opium, the opium exports may safely be calculated at from 20 % to 25 % of the total export of Persia, exclusive of oil, instead of 15.6 % as indicated by Customs declarations.

It must be understood that it is absolutely impossible to furnish accurate statistics of the Persian opium trade, owing to the wide area over which the poppy is grown, the extensive traffic in contraband opium and the secrecy observed by the merchants as to processes of manipulation.

The foregoing estimates have, however, been made after a most careful analysis of all available data, and reports, and are probably nearly correct.

The data presented above gives, however, but a faint idea as to the importance of the economic aspects of the Persian opium problem.

In many provinces opium is practically the only crop which yields cash returns in any way commensurate with the labour of cultivation. An immense number of people are partially or wholly dependent on its cultivation or commerce for their livelihood.

In Isfahan, out of a population of approximately 80,000, there were found to be at least 5,000, who gained all or a large part of their income through the commerce in opium. These included opium peddlers, brokers, bazaar traders, commission, and export merchants, packers, porters, copper-smiths, and the manipulators of stick and cake opium. If we assume an average of three dependants, which is low, it will be seen that at least 25 % of the entire population of the city is dependent to a considerable extent on the opium trade. These figures do not include the opium cultivators resident in or near the city.

The same is true, in general, though to a lesser degree, of all the great opium centers of Persia.

There is no industry in the country to absorb these workers in the event of suppression or serious curtailment of the opium trade, nor can the proprietors or peasants at the present time, substitute other crops for opium without serious hardship and loss.

Even, if the technicians and the capital required to enable the substitution of other crops are furnished, as they should be, by those to whose interest it is to curtail the production of opium in Persia, it will take the cultivators years to secure enough income from other crops to compensate the losses involved in opium suppression.

As stated above, the opium taxes amount to approximately 8.9 % of the total revenues of the country and the opium exports to a recorded total of 15.6 %, and a probable actual total of 20 % of the total exports of Persia exclusive of oil.

In view of the existing adverse trade balance, as indicated in Appendix IV, a further decrease in exports necessitated by reduction in the cultivation of opium will be very serious. Nor can the loss of nearly 9 % of the revenues of a country, or even of any considerable part thereof, be lightly regarded, nor can the shifting of that percentage of the total tax burden from one product or activity to another be lightly undertaken.

Substitute crops would not for several years produce sufficient net income to warrant taxation and the loss in revenue would be for some time in almost direct ratio to the reduction in opium cultivation.

Eventually the probable increase in the price of opium should warrant reassessment of taxes on opium growing lands and recovery of at least part of the loss. The substitute crops would also in time replace another part, but to produce anything like the same revenue from land taxes that is now secured from direct and indirect taxes on opium, a much larger area would have to be brought under cultivation than at present, as no other Persian crop yields such cash returns.

As indicated above, the loss of revenue at first would be in almost direct ratio to the decrease in the cultivation of opium. The reverse would, however, not be true in the case of increases in production due to the introduction of new crops. Export taxes would certainly at first have to be nominal or entirely remitted. Furthermore, with the existing tax system and legislative machinery tax collection will always lag from one to three years behind increases in production. This is due to the necessity of revising and reassessing the entire production of a property before a tax increase can be ordered.

Part, at least, of the loss in revenue could be made up by tariff adjustments in the interest of Persia. This is, however, difficult, as Persia's two powerful neighbours claim rights in this connection, which have heretofore had the practical effect of depriving Persia of tariff autonomy, and of rendering it impossible to devise and enforce a tariff which would protect either the revenues or the commerce of the country. (A brief resume of the tariff history of Persia with abstracts from treaties pertaining thereto is given in appendix VI).

## Political Obstacles to Opium Control.

We come now to the political and other internal difficulties which beset the Government in any attempt to control the opium traffic. The opium merchants and growers are probably the wealthiest class in Persia. The latter include many of the most influential clergy of the country, who own or control a considerable portion of the ceded public domains and pious endowments or bequests of privately owned lands for charitable or religious purposes.

Any attempt to interfere with the production, manipulation or export of opium, arouses the organized opposition of these classes. Partly because of their private interests involved, but largely also because of their knowledge of the widespread suffering and even ruin that must ensue if the capital and labour engaged in the opium trade are left without occupation.

Unless equally remunerative outlets are provided for the capital and labour of the opium trade, the Government will have to face the opposition, in any program of restriction, of the merchants and traders who exercise, through the Chambers of Commerce, great influence in all the bazaars of the country, of the clergy of the opium growing provinces, who have a political and religious power difficult of comprehension to the modern occidental mind and of the land owners, who absolutely control in such matters the action of the peasants, and who, furthermore, in a parliament composed mainly of landed proprietors or their avowed representatives, frequently exercise a decisive power in legislation.

There is also, the almost universal lack of capacity to understand more than the most primary economic phases of the question, and, in the case of the agricultural population, opposition born of ignorance and of the inherent dread of any change in their established customs and routine.

Promises of assistance after suppression of partial suppression will be of no effect; the Persian has been ruthlessly exploited in the past and has bitter reason to distrust not only the proposals of his own Government, but those of foreign nationals or foreign Governments heretofore interested in Persian affairs.

Still another consideration enters here. The opium growing areas are for the most part in provinces only now, for perhaps the first time in the last century being brought under the control of the Central Government.

Sardar Sepah, the Prime Minister and Minister of War, is steadily gaining ground in his program for the pacification of the country and the disarmament of the tribes. It will however, take years for this program to be made fully effective, and, until that time comes, some of the most important opium growing areas, including those of Arab tribes of Fars, the Lors of Borujerd. and the tribes of Khorassan cannot be effectively controlled.

**Danger of Arbitrary Restrictions.**

Any pressure brought to bear upon Persia has, of course, for its object proper international control over the transportation of dangerous drugs and not the infliction of unnecessary hardships upon the Persian Government and people.

Unless such restrictive measures as may be proposed or adopted are carefully planned and executed in a spirit of fairness and justice, they are likely to defeat their own ends.

It will have been noted earlier in this report that the mere mention of the possibility of restrictions on the shipment of Persian opium in British bottoms brought forth an immediate suggestion for the establishment of a morphine factory in Persia. While the proposal was at once rejected, it must be considered as significant of the temper of the opium traders.

Another matter which must be regarded as significant is the sudden increase in declarations for export of opium to Russia.

In 1296 (1917-18), when the Russian supply of drugs from Europe must have been largely curtailed, and, when, owing to war conditions, the normal trade channels of Persian opium were interrupted, the exports of opium to Russia reached a total of 38,844 batmans. The next year, following the armistice, the exports dropped to 6,557 batmans.

The reduction continued during each of the following three years, until in 1300 (1921-22), the export amounted to only 3814 batmans.

In 1301, however, the export to Russia was seven times that of the previous year, reaching a total of 22,048 batmans, and in 1302 (1923-1924) there was another tremendous increase to 69,427 batmans, three times the export of the previous year, and nearly twice the volume of export to Russia under war conditions.

This large increase is certainly not destined for Russia proper, as the exports over the Northern frontiers show a decline as indicated by the analysis of exports to Russia given in appendix IV.

The entire increase is through the Persian Gulf Port of Bushire. Whether or not this increase in the export to Russia from 9 % of the total opium export in 1300 (1921-22) to 65 % in 1302 (1923-24) represents actual shipments to Russian territory, or whether the opium never reaches its declared destination, it is clear that either a new market or a new trade route has been developed, and that restrictions on the shipment of Persian opium can only result in diverting the traffic, and by so doing create virtual monopolies, which will cause heavy losses to Persia in the selling price of opium, without in any way reducing the total quantity exported, or increasing the international control over the traffic.

**Possible Extension of Control.**

There are many in Persia; in the Government, the Parliament, among the the clergy, and the professional, commercial, and other literate classes who realize better than any foreigner the vital importance to the moral and economic welfare of the Persian people of suppressing the vicious, degrading, and debilitating practices of smoking and eating opium.

Many of these, though, of course, a much smaller number, also realize the justified moral obloquy and possibly disastrous economic effects to Persia, if the export trade is not brought under control to an extent that will be reasonably satisfactory to the Governments concerned in the suppression of the illicit trade in dangerous drougs.

These will welcome any measures leading to the substitution of other crops or other industries for opium.

Certain measures leading to the extension of Governmental control over the opium traffic can be taken at once, and others after means have been found to afford another outlet for the capital and labour employed in the opium trade and new revenue sources have been developed to compensate the Government for the loss in opium revenues.

The measures which can be taken unconditionally are those concerning a closer control over opium cultivation, transport, manipulation, local consumption and export, without the imposition of undue hardships on the Government, or the private interests in the trade.

They include. 1) Completion of centralization of opium sap. 2) Prohibition of increased production. 3) Prohibition of cultivation except by permit. No permit to be issued to new cultivators or for lands not cultivated, or for an area greater than cultivated in 1924. 4) Completion of control over manipulation of opium for local consumption or export. 5) Comp-

letion of control over transport. 6) Registration of smokers (considerable unofficial progress has already been made in this respect). 7) Issuance of cards to smokers, authorizing them to purchase a limited quantity of opium for their personal use. These allowances to be reduced from year to year. 8) Extension of control over opium and shireh dens. 9) A progressive increase in tax levied on opium for local consumption as provided in law. 10) Prohibition of importation of opium from Afghanistan and British India into Persia. Large quantities of such opium have heretofore entered the country to be shipped to countries to which it could not be shipped direct from the country of origin. 386 cases (approximately 62,725 lbs.) of opium from India sent to Bushire for transhipment have been provisionally held up pending decision on this proposal. 11) Extension of inspection system in interior of the country to prevent illicit cultivation, transport, and export of opium to the limit of available budgetary credits. 12) Extension of system of frontier patrols to prevent contraband opium entering or leaving Persia, within limits of available credits. 13) Preparation of statistics of known and estimated cultivation in each province, known and estimated consumption in the Empire, estimates of quantity smuggled out of the country (stating routes employed), and quantities exported through the Customs. 14) Continuation of present policy of encouraging and assisting in substitution of other crops for opium with proportional reduction in opium cultivation as results are obtained. 15) Adoption of policy to centralize opium cultivation as far as possible in provinces most dependent on opium for cash crops, and where the best grades are produced and the cultivation can be most easily controlled.

It must be understood that the foregoing measures, while they will show marked beneficial results in bringing the opium traffic under control, cannot be expected to materially reduce the total cultivation of opium for some time to come.

The amount of capital invested in the cultivation and commerce in opium and the number of people dependent thereon for support is so great that a carefully worked out plan of crop substitution, a large capital investment and the provision of adequate technical advice and direction is necessary before any serious progress can be made.

On the other hand, if the foregoing are provided, it is a practical certainty that the production of opium in Persia can be reduced to medicinal and scientific requirements within an approximate period of ten years.

On the conditions stated above, the following assurances can be given:—

1. That the cultivation will be reduced annually, by approximately one tenth of the total cultivation of the year in which the conditions are met, until the point is reached at which the production suffices only for medicinal and scientific requirements.

2. That cultivation of opium will be prohibited in the provinces least dependent thereon for their cash crops within a period of three years in so far as the then existing conditions permit.

3. That when cultivation has been reduced to the medicinal and scientific requirements, the system of Import Certificates will be accepted without reservation.

**Crop Substitution.**

In considering the substitution of other crops for opium, it must be borne in mind that opium yields a very high return for a given area, that it is not dependent upon railroads or even good roads for its transportation, that the process of marketing is simple, and that there is practically always a demand at a good price for both the opium sap and for the export opium.

In addition to yielding a higher return per acre than any other Persian crop, opium requires little water and that, at a time, during the 60 days after Nowrouz (March 21st), when water is both plentiful and cheap. Other crops can also be planted on the same ground after the opium crop has been gathered.

Therefore, to enable a cultivator to secure the same net income from other crops, it is necessary that he cultivate a greater area and use more water. It is also necessary that a market be provided for the substitute crops.

The opium growing areas are for the most part in provinces where there are practically no good roads and where transportation is almost entirely by camel or donkey caravans. The cost of transport by such means prohibits at present the export of any item which is bulky or weighty in proportion to its value. The wheat, for instance, of such regions costs more delivered at a Persian port than it would bring in foreign markets.

To enable crop substitution, it is therefore necessary that additional water be provided at lower cost, that economical means of transport be provided, and that such technical assistance be given as will enable much more intensive cultivation than is possible with the existing agricultural methods and implements.

The opium substitutes which may be considered are wheat, silk, tobacco, cotton, beetroot, tea, hemp, flax, and dried fruits. The foregoing substitutes naturally do not apply solely to the opium growing areas. These areas must be given the first consideration to take care of the private interests in the opium trade, but substitute crops and extension of cultivation in such areas cannot yield revenues to the Government to compensate those which will be lost through reduction in opium production. It is, therefore, necessary that agricultural conditions be improved in non-opium growing areas also in order to provide new or additional revenue sources.

The following observations apply to the substitutes above mentioned:—

**Wheat.**

Further planting of wheat or other cereals is impracticable without improved means of communication as transport conditions and costs are such that wheat may rot in the fields or the storehouses of one province, while 600 miles distant people suffer, and even die for lack of bread. There is a market in India and a temporary market in Russia for the wheat of Khorassan and Seistan, a temporary market in Russia for the wheat of Azerbayejan and of the provinces bordering on the Caspian and the world markets are open to wheat which can reach the Persian Gulf; yet, except in time of world shortage, export will be impossible until suitable roads or railroads are built.

**Silk.**

The silk industry, which appears to offer the greatest possibilities as an opium substitute demands capital, technicians, and, above all, time. At least six to ten years, depending on climatic conditions, are required to grow the mulberry from seed, and more to put the industry on a really profitable basis.

**Tobacco.**

Tobacco can be grown well in Persia, but the market for the tobacco now grown is limited. Experts must be employed, suitable varieties developed, the peasants trained, and marketing arrangements perfected. Again time and capital are required.

**Cotton.**

Cotton can be grown to advantage over great areas in Persia, but expert advice, seed and capital for irrigation and transport are lacking.

### Tea.

Tea growing is in an experimental but promising stage.

### Hemp and Flax.

Hemp and flax should do well in Persia, but will require time for experimentation.

### Sugar.

Beetroot has been successfully grown. Sugar cane can probably be grown profitably along the Persian Gulf and Caspian littorals. With proper direction and adequate capital, all the sugar consumed in Persia can be manufactured in the country with a surplus available for export.

### Dried Fruits.

Dried fruits will in time be reestablished as an export, but mainly from non-opium growing areas.

### Beef Export.

Raising beef cattle for export is a possible experiment with fair hopes of success. Beef is not eaten to any great extent in Persia and no attention has heretofore been paid to beef cattle. The cattle are light and the establishment of breeding farms and importation of suitable stock will be essential.

### Wool and Lambskins.

There in an excellent market for wool and lambskins. The methods employed are, however, so unscientific and wasteful that it has been found necessary to prohibit the export of the latter. With proper direction, importation of blooded stock and strict control, a paying industry can be developed without dangerous flock depletion.

### Mineral Resources.

In addition to agricultural development, there is a strong probability that a survey of the mineral resources of the country would develop the possibility of new and important sources of revenue. To mention only a few, coal, iron, copper, alum, orpiment, red oxide, lead, zinc, salt, and precious stones, such as turquoise, are known to exist in considerable quantities. Gold has been found, but no information is at hand as to whether its exploitation is commercially practicable.

## Persian Policy on Opium Restriction.

In view of the foregoing statement as to the actual conditions in Persia and the

measures necessary to establish a strict control over the opium traffic and permit the eventual reduction of cultivation to medicinal and scientific requirements, the following draft of instructions to the Persian Delegates to the Geneva Conference has been prepared and is submitted for consideration. These instructions are under two heads: 1) general policy with statement of what unconditional and conditional assurances can be given, 2) statement of measures necessary to enable curtailment of opium production.

**General Policy.**

The Persian Government is in full accord and sympathy with the efforts of the League of Nations to eradicate the illicit trade in dangerous drugs, which offers so great a menace to the health and welfare of the peoples of the world. It accepts the American principles for the interpretation of the opium convention and will withdraw its reservation to Article 3 of the Treaty of 1912 and accept the system of opium import certificates as soon as it is economically possible to do so.

**Unconditional Assurances.**

1. The regulations relative to the centralization of the opium sap and its manipulation under the Government's supervision will be strictly enforced and constantly rendered more effective.

2. Steps will be taken to register smokers, cure present and prevent new addicts, control opium dens, and otherwise bring under control and reduce the present consumption of opium and its derivatives in ths Empire.

3. Control, as far as funds permit, will be exercised at the frontiers to prevent opium being smuggled into or out of the country.

4. The policy as to opium cultivation will be as follows:

a) Opium cultivation will hereafter be permitted only upon permit.

b) No cultivation will be permitted on a greater area than stated in the permit.

c) No permit to be issued to cultivators for land not cultivated in 1924, or for a greater area in the case of any individual than cultivated in 1924.

d) No permits to be issued except to cultivators who agree to deliver entire crop to Government warehouses.

e) Efforts to be made to immediately reduce the cultivation in provinces least dependent on opium for their cash crops.

f) Cultivation to be confined as far as practicable to provinces where the best grades are grown and where the product can be most easily controlled.

g) The tax on the local consumption of opium to be progressively increased as provided in the law.

5. The importation of opium for re-export to countries to which it cannot be shipped from country of origin, will be prohibited.

6. Beginning with the present year, a careful record will be kept of opium cultivation in all provinces. This taken in connection with records and estimates of local consumption and customs records of exports, will afford a fair basis for estimate of that smuggled out of the country and enable the necessary preventative measures being taken.

7. As far as funds permit, the Government will continue its present encouragement to the cultivation of cotton and tobacco and to the planting of mulberry trees. As these and similar measures produce results, the cultivation of opium will be proportionally reduced, but, it must be understood that, with the limited funds available, this will be a slow process.

**Conditional Assurances.**

The following measures will be placed in effect as soon as the necessary funds and technical assistants are obtained to afford another outlet for the capital and labour employed in the opium trade, and to provide new revenue sources for the Government to compensate for the loss of opium revenues:—

1. An annual reduction in the permits issued to the amount of one-tenth of the total area authorized for cultivation in the year in which the above conditions are met. This annual reduction to continue, until production has been reduced to actual requirements for medicinal and scientific purposes.

2. Within three years after the above conditions are met the cultivation of opium will be prohibited in the provinces least dependent thereon in so far as the then existing conditions permit.

3. After the cultivation has been reduced as above provided to the amount required for medicinal and scientific purposes the Persian Government can successfully enforce the provisions of Art. 3 of the Opium Convention of 1912 and its reservation thereto will then be withdrawn and the system of opium import certificates placed in effect.

## Measures Necessary to Enable Curtailment of Opium Production.

It is not possible with the data available to lay down any definite program and cost estimate covering the measures necessary to enable curtailment of opium cultivation. The following, however, may be considered in this connection:—

1—Preliminary survey by experts in wheat, cotton, silk, tea, tobacco, hemp, flax, beetroot, and sheep and cattle raising, accompanied by irrigation engineers and transportation and foreign trade experts. (Appendix VII-A) — Estimated Cost Tomans 100,000

2—Preliminary survey of mineral of resources. (Appendix VII-B) . . 100,000

### Transportation.

3—Road between Isfahan, Shiraz, and Bushire. Possibly road between Kerman and Dozdab and Kerman and Bandar Abass. Road or light railroad between Khorassan, Seistan, and Dozdab. (Appendix VII-C) . . . . . 3,000,000

4—Irrigation. (For list of projects under consideration see appendix VII-D) 1,000,000

5—Crop substitution and improvement of agriculture. (Appendix VII-E) 800,000

6—Reproductive Public Works. (For list of projects under consideration see appendix VII-F) . . . . . 725,000

7—Improvement of Public Domains. (For list of projects under consideration see appendix VII-G) . . . . . 525,000

8—Loans to proprietors to repair, rebuild or extend villages, purchase agricultural machinery and seed and make necessary advances to peasants (Appendix VII-H) . . . . . 2,000,000

9—Employment of technicians, establishement of model farms and agricultural experiment stations, five years period. (Appendix VII-I) . . . . . 1,250,000

10—Prevention of smuggling Ts. 100,000 per annum for additional patrols and inspectors for 5 years. (Appendix VII-J) . . . . . 500,000

**Total** Tomans 10,000,000

### Source of Funds.

Persia is not in a position to provide for any such expenditures at the present time. The revenues now barely suffice to meet the current expenses and many important and necessary projects cannot be now undertaken for lack of funds. Any additional revenues which it may be possible to secure through the proposed tax projects must be devoted to

reproductive public works in addition to those rendered necessary by the curtailment of the opium crop.

With the existing revenue shortage and the prospective diminution of receipts, due to the loss of opium taxes, it would be difficult to meet the service of a loan to enable the substitution of other crops, until such time as the new crops and the revenue producing public works are established and on a paying basis. This will take at least five years.

Therefore, to enable active work to be undertaken and prompt results secured in the reduction of opium cultivation to that required for medicinal and scientific uses, the following will be required:—

1. A loan of ten million tomans for twenty years at not to exceed 5 % per annum.
2. No interest charges for the first five years.
3. One-tenth of the loan to be repaid annually after the tenth year.

This would cost the concerned Governments approximately Tomans 500,000 per annum for the first five years, but they would thereby secure, within a period of ten years, practically the entire suppression of the Persian production of opium not required for legitimate purposes. It will cost Persia infinitely more in loss of revenue during the period of transition.

**Moratorium.**

In addition to the foregoing, it is of the utmost importance that during the period of transition, a moratorium be granted by foreign governments having claims against Persia. Were existing claims funded and paid an additional burden of from one to two million tomans per annum, would be placed on the country, which would render impracticable any measure involving losses of existing revenues.

**Customs.**

Another matter demanding the most serious consideration in this connection is the removal of restrictions on Persia's liberty of action in tariff questions and the securing of the assistance of the interested governments in increasing the customs revenues.

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In the consideration of the above report and recommendations, it should be borne in mind that Persia, though a neutral, was one of the countries suffering most severely from the war. The existing revenue and adverse trade problems the country has now to face,

arise, at least in part, from the devastation during the war. No reparations have been paid to Persia, nor has Persia, during the past war period floated any loan for reconstruction.

Under the present depressed conditions, with the country hovering on the verge of bankruptcy, it would be fatal to complicate matters by such a serious economic disturbance as would be caused by the suppression of the opium industry, unless, prior to taking the initial steps, a carefully worked out and practicable program of substitution was at hand, with the requisite technical assistance and the capital required for its execution.

It should also be borne in mind that, while any non medicinal use of opium is harmful, and the Persian Government, realizing its dangers, is determined to suppress its use within the Empire, yet the form in which it is used in Persia is the least harmful of any, and that there is consequently no drug problem here to be compared to those of the great industrial nations with congested urban populations.

To the League of Nations as an institution, and to its non opium growing member governments, the question of opium is merely a detail in the general problem of drug control. To Persia, however, the question assumes an intensely practical aspect, affecting, as it does, a fifth of her exports, a twelfth of her revenues and the means of livelihood of a very great number of her citizens.

Under the circumstances when an impoverished country such as Persia, and one of those least able to bear losses of revenue, is asked to undertake a program involving great monetary sacrifices and the possibility of serious political difficulty for the sake of vastly richer nations it is only fair to expect that they, at least, should help defray the cost.

*D. W. Mac Cormack,*

*Director of Internal Revenue.*

Teheran, 21st. Mizan 1303
(13th. October, 1924)

# APPENDICES

TO

## Memorandum on Persian Opium

*I. Opium Convention of 1912.*

*II. Persian Opium Laws.*

*III. Methods of cultivation, trade channels and estimates of opium production.*

*IV. Import and export statistics.*

*V. Taxes on opium.*

*VI. Review of Persian tariff history.*

*VII. Expenditures required to enable curtailment of opium production to medicinal and scientific requirements.*

# APPENDIX I

## International Opium Convention of 1912

**(Translation).**

His Majesty the General Emperor, King of Prussia, in the name of the German Empire; the President of the United States of America; His Majesty the Emperor of China; the President of the French Republic; His Majesty the King of the United Kingdom of Great Britain ane Ireland and of the British Dominions beyond the Seas, Emperor of India; His Majesty the King of Italy; His Majesty the Emperor of Japan; Her Majesty the Queen of the Netherlands; His Imperial Majesty the Shah of Persia; the President of the Portuguese Republic; His Majesty the Emperor of all the Russias; His Majesty the King of Siam,

Desirous of advancing a step further on the road opened by the International Commission of Shanghai of 1909;

Determined to bring about the gradual suppression of the abuse of opium, morphine, and cocaine, as also of the drugs prepared or derived from these substances, which give rise or might give rise to similar abuses;

Taking into consideration the necessity and the mutual advantage of an international agreement on this point;

Convinced that in this humanitarian endeavor they will meet with the unanimous adherence of all the States concerned;

Have decided to conclude a convention with this object and have appointed as their plenipotentiaries;

(Names are omitted)

who, after having deposited their full powers, found in good and due form, have agreed as follows:—

### CHAPTER I.—Raw Opium.

Definition.— By raw opium is understood:

The spontaneously coagulated juice obtained from the capsules of the papaver som-

niferum, which has only been submitted to the necessary manipulations for packing and transport.

**Article 1.** The contracting Powers shall enact effective laws or regulations for the control of the production and distribution of raw opium, unless laws or regulations on the subject are already in existence.

**Article 2.** Due regard being had to the differences in their commercial conditions, the contracting Powers shall limit the number of towns, ports, or other localities through which the export or import of raw opium shall be permitted.

**Article 3.** The contracting Powers shall take measures—

(a) To prevent the export of raw opium to countries which shall have prohibited its entry, and

(b) To control the export of raw opium to countries which restrict its import, unless regulations on the subject are already in existence.

**Article 4.** The contracting Powers shall make regulations requiring that every package containing raw opium intended for export shall be marked in such a way as to indicate its contents, provided that the consignment exceeds 5 kilog.

**Article 5.** The contracting Powers shall not allow the import and export of raw opium except by duly authorized persons.

## CHAPTER II.—Prepared Opium.

Definition.—By Prepared opium is understood:

The product of raw opium, obtained by a series of special operations, especially by dissolving, boiling, roasting, and fermentation, designed to transform it into an extract suitable for consumption.

Prepared opium includes dross and all other residues remaining when opium has been smoked.

**Article 6.** The contracting Powers shall take measures for the gradual and effective suppression of the manufacture of, internal trade in, and use of prepared opium, with due regard to the varying circumstances of each country concerned, unless regulations on the subject are already in existence.

**Article 7.** The contracting Powers shall prohibit the import and export of prepared opium; those powers, however, which are not yet ready to prohibit immediately the export

of prepared opium shall prohibit it as soon as possible.

**Article 8.** The contracting Powers which are not yet ready to prohibit immediately the export of prepared opium—

(a) Shall restrict the number of towns, ports, or other localities through which prepared opium may be exported;

(b) Shall prohibit the export of prepared opium to countries which now forbid, or which may hereafter forbid, the import thereof;

(c) Shall, in the meanwhile, prohibit the consignment of prepared opium to a country which desires to restrict its entry, unless the exporter complies with the regulations of the importing country;

(d) Shall take measures to ensure that every package exported, containing prepared opium, bears a special mark indicating the nature of its contents;

(e) Shall not permit the export of prepared opium except by specially authorized persons.

Chapter III.—Medicinal Opium, Morphine, Cocain, & c.

Definition.—By medicinal opium is understood:

Raw opium which has been heated to 60 centigrade and contains not less than 10 per cent of morphine, whether or not it be powdered or granulated or mixed with indifferent materials.

By morphine is understood:

The principle alkaloid of opium, having the chemical formula $C_{17}H_{19}NO_3$

By cocaine is understood:

The principle alkaloid of the leaves of Erythroxylon Coca, having the formula $C_{17}H_{21}NO_4$

By heroine is understood:

Diacetyl—morphine, having the formula $C_{21}H_{23}NO_5$

**Article 9.** The contracting Powers shall enact pharmacy laws or regulations to confine to medical and legitimate purposes the manufacture, sale, and use of morphine, cocaine, and their respective salts, unless laws or regulations on the subject are already in existence. They shall cooperate with one another to prevent the use of these drugs for any other purpose.

**Article 10.** The contracting Powers shall use their best endeavours to control, or to

cause to be controlled, all persons manufacturing, importing, selling, distributing, and exporting morphine, cocaine, and their respective salts, as well as the buildings in which these persons carry on such industry or trade.

With this object, the contracting parties shall use their best endeavours to adopt, or cause to be adopted, the following measures, unless regulations on the subject are already in existence:—

(a) To confine the manufacture of morphine, cocaine, and their respective salts to those establishements and premises alone which have been licensed for the purpose, or to obtain information respecting the establishments and premises in which these drugs are manufactured and to keep a register of them;

(b) To require that all persons engaged in the manufacture, import, sale, distribution, or export of morphine, cocaine, and their respective salts shall be furnished with a license or permit to engage in these operations, or shall make to the competent authorities an official declaration that they are so engaged;

(c) To require that such persons shall enter in their books the quantities manufactured, imports, sales and all other distribution, and exports of morphine, cocaine and their respective salts. This rule shall not necessarily apply to medical prescriptions and to sales by duly authorized chemists.

**Article 11.** The contracting Powers shall take measures to prohibit as regards their internal trade, the delivery of morphine, cocaine and their respective salts to any unauthorised persons, unless regulations on the subject are already in existence.

**Article 12.** Due regard being had to the differences in their conditions the contracting Powers shall use their best endeavours to restrict to authorized persons the import of morphine, cocaine and their respective salts.

**Article 13.** The contracting Powers shall use their best endeavours to adopt or cause to be adopted, measures to ensure that morphine, cocaine and their respective salts shall not be exported from their countries, possessions, colonies and leased territories to the countries, possessions, colonies and leased territories of the other contracting Powers, except when consigned to persons furnished with the licences or permits provided for by the laws or regulations of the importing country.

With this object each Government may communicate from time to time to the Governments of exporting countries lists of the persons to whom licences or permits for the import of morphine, cocaine and their respective salts have been granted.

**Article 14.** The contracting Powers shall apply the laws and regulations respecting the manufacture, import, sale or export of morphine, cocaine and their respective salts.

(a) To Medicinal opium:

(b) To all preparations (official and non—official, including the so called anti-opium remedies) containing more than 0.2 per cent of morphine or more than 0.1 per cent of cocaine;

(c) To heroine, its salts and preparations containing more than 0.1 per cent heroine;

(d) To all new derivatives of morphine, of cocaine or of their respective salts and to every other alkaloid of opium which may be shown by scientifice research, generally recognized to be liable to similar abuse and productive of like-ill-effects.

## CHAPTER IV.

**Article 15.** The contracting Powers having treaties with China (Treaty Powers) shall in conjunction with the Chinese Government take the necessary measures to prevent the smuggling into Chinese territories which they occupy in China, of raw and prepared opium morphine, cocaine and their respective salts, as also of the substances referred to in article 14 of the present convention.

The Chinese Government shall, on their part take similar measures for the suppression of the smuggling opium and of the other substances above referred to from China to the Foreign colonies and leased territories.

**Article 16.** The Chinese Government shall promulgate pharmacy laws for their subjects, regulating the sale and distribution of morphine, cocaine, and their respective salts and of the substances referred to in article 14 of the present convention and shall communicate these laws to the Governments having treaties with China, through their diplomatic representatives at Peking. The contracting Powers having treaties with China shall examine these laws and if they find them acceptable, shall take the necessary measures to apply them to their nationals residing in China.

**Article. 17** The contracting Powers having treaties with China shall undertake to

adopt necessary measures to restrict and control the habit of smoking opium in their leased territories, settlements and concessions in China, to suppress, pari passu with the Chinese Government, the opium dens or similar establishments which may still exist there, and to prohibit the use of opium in places of entertainment and brothels.

**Article 18.** The contracting Powers having treaties with China shall take effective measures for the gradual reduction, pari passu with the effective measures which the Chinese Government shall take with same object, of the number of shops in which raw and prepared opium is sold, which may still exist in their leased territories, settlements and concessions in China. They shall adopt effective measures for the restriction and control of the retail trade in opium in the leased teritories, settlements and concessions unless regulations on the subject are already in existence.

**Article 19.** The contracting Powers having Post offices in China shall adopt effective measures to prohibit the illegal import into China in the form of postal packages as well as the illegal transmission through these offices from one place in China to another, of opium (raw or prepared) morphine, cocaine and their respective salts and of the other subtances refered to in article 14 of the present convention.

## CHAPTER V.

**Article 20.** The contracting Powers shall examine the possibility of enacting laws or regulations making it a penal offence to be in illegal possession of raw opium, prepared opium, morphine, cocaine and their respective salts unless laws or regulations on the subject are already in existence.

**Article 21.** The contracting Powers shall communicate to one another through the Ministry of Foreign Affairs of the Netherlands—

(a) The texts of the exisiting laws and administrative regulations respecting the matters refered to in the present covention, or promulgated in virtue of the clauses thereof;

(b) The statistical information as regards the trade in raw opium, prepared opium, morphine, cocaine and their respective salts as well as in the other drugs or their salts or preparations refered to in the present convention.

These statistics shall be furnished with as many details and within a period as short as may be considered possible.

## CHAPTER VI—Final Provisions.

**Article 22.** Any Power not represented at the Conference shall be allowed to sign the present convention.

With this object the Government of the Netherlands will, immediately after the signature of the convention by the Plenipotentiaries of the Powers which have taken part in the conference, invite all the Powers of Europe and America not represented at the conference, that is to say:

The Argentine Republic, Austria Hungary, Belgium, Bolivia, Brazil, Bulgaria, Chile, Colombia, Costa Rica, the Republic of Cuba, Denmark, the Dominican Republic, the Republic of Ecuador, Spain, Greece, Guatemala, the Republic of Haiti, Honduras, Lumburg, Mexico, Montenegro, Nicaragua, Norway, Panama, Paraguay, Peru, Roumania, Salvador, Servia, Seweden, Switzerland, Turkey, Uruguay, the United States of Venezuela, to appoint a delegate furnished with the necessary full powers to sign the convention at The Hague.

These signatures shall be affixed to the convention by means of a Protocol of signature by powers not represented at the conference; to be added after the signatures of the Powers represented, the date of each signature being mentioned.

The Government of the Netherlands will, every month, notify the signatory Powers of each supplementary signature.

**Article 23.** After all the Powers, as well on their behalf as on behalf of their possessions, colonies, protectorates and leased territories have signed the convention or the supplementary protocol above refered to, the Government of the Netherlands will invite all the Powers to ratify the convention with this protocol.

In the event of the signature of all the Powers invited not having been obtained on the date of 31st December 1912 the Government of the Netherlands will immediately invite the Powers who have signed by that date to appoint delegates to examine at The Hague the possibility of depositing their ratifications notwithstanding. The ratification will take place within as short a period as possible and shall be deposited at the Ministry of Foreign Affairs at The Hague.

The Government of the Netherlands will notify every month the signatory Powers of the ratifications which they have received in the interval.

As soon as the ratifications of all the signatory Powers as well on their own behalf as on behalf of their colonies, possessions, protectorates, and leased territories, have been received by the Government of the Netherlands, the latter will notify all the Powers who have ratified the convention of the date on which it received the last instrument of ratification.

Article 24. The present convention shall come into force three months after the date mentioned in the notification by the Government of the Netherlands, refered to in the last paragraph of the preceeding article.

With regard to the laws, regulations or other measures contemplated by the present convention, it is agreed that the Bills or drafts required for this purpose shall be prepared not later than six months after the entry into force of the convention. As regards the laws they shall also be submitted by their Governments to the Parliaments or legislative bodies within the same period of six months or in any case at the first session following the expiration of this period.

The date on which these laws, regulations or measures shall come into force shall form the subject of an agreement between the contracting Powers at the instance of the Government of the Netherlands.

In the event of questions arising relative to the ratification of the present convention or to the enforcement either of the convention of the laws, regulations or measures resulting therefrom, the Government of the Netherlands will, if these questions cannot be settled by other means, invite all the contracting Powers to appoint delegates to meet at the Hague in order to arrive at an immediate agreement on these questions.

Article 25. If one of the contracting Powers should wish to denounce the present convention the denunciation shall be notified in writting to the Government of the Netherlands, who will immediately communicate a certified copy of the notification to all other Powers informing them of the date on which it was received.

The denunciation shall take effect only as regards the Power which notified it and one year after the notification thereof has reached the Government of the Netherlands.

In witness whereof the plenipotentiaries have affixed their signatures to the present convention.

Done at The Hague the 23rd January, 1912, in a single copy, which shall be depo-

sited and remain in the archives of the Government of the Netherlands, and of which certified copies will be transmitted through the diplomatic channel to all the Powers represented at the conference.

For Germany: F. von *Mueller, Delbrueck, Grunenwald*

For the U. S. of America: *Charles H. Brent, Hamilton Wright, Henry J. Finger.*

For China: *Liang Cheng*

For France: *H. Brenier*

With the reservation that a separate and special ratification or denunciation may subsequently be obtained for the French protectorates.

For Great Britain: *W. S. Meyer, W. G. Max Mueller, William Job Collins.*

With the reservation of the following declaration;

The articles of the present convention if ratified by H. B. M. 's Government shall apply to the Government of British India, Ceylon, the Straits Settlements, Hong Kong and Wei-hai Wei in every respect in the same way as they shall apply to the United Kingdom of Great Britain and Ireland but His Britannic Majesty's Government reserves the right of signing or denouncing separately the said convention in the name of any dominion, colony, dependency or protectorate of His Majesty other than those which have been specified.

For Italy: *G. de la Tour Calvello.*

For Japan: *Aimaro Sato, Tomoe Takagi, Kotaro Nishizaki.*

For the Netherlands: *J.T. Cremer, C. TH. Van Deventer, A.A. de Jongh, J.G. Scheurer*

For Persia: *Mirza Mahmood Khan.*

With the reservation of articles 15, 16, 17, 18&, 19 (Persia having no treaty with China) and paragraph (a) of article. 3.

For Portugal: *Antonio Maria Bartholomeu Ferreira.*

For Russia: *A. Savinsky.*

For Siam: *Akharaj Varadhara, W. M. J. Archer*

With the reservation of articles 15, 16, 17, 18 & 19. Siam having no treaty with China.

Final Protocol (2) of the International opium Conference,

The International Opium Conference proposed by the Government of the United States of America, and convoked by the Government of the Netherlands, assembled at the

Hague, in the Hall of the Knights on the first December, 1911.

The Governments hereinafter enumarated took part in the conference for which they had appointed the following delegates:

(Names are omitted)

At a series of meetings held from the first December, 1911, to the 23rd January, 1912 the conference drew up the annexed text of a convention.

The conference further expressed the following voeux:—

(I) The conference considers it desirable to direct the attention of the Universal Postal Union;

(1)—To the urgency of regulating the transmission through the post of raw opium;

(2)—To the urgency of regulating as far as possible the transmission through the post of morphine, cocaine, and their respective salts and other substances referred to in article 14 of the convention.

(3)—To the necessity of prohibiting the transmission of prepared opium through the post.

(II) The conference considers it desirable to study the questions of Indian hemp from the statistical and scientific point of view with the object of regulating its abuses, should the necessity thereof be felt by internal legislation or be an international agreement.

In witness whereof the plenipotentiaries have affixed their signatures to the present protocol.

Done at The Hague, the 23rd January 1912, in a single copy which shall be deposited and remain in the archives of the Government of the Netherlands and certified copies of which shall be transmitted through the diplomatic channel to all the Powers represented at the conference.

For Germany:—F. *von Mueller, Delbrueck, Grunenwald*

For the U. S. A. *Charles H. Brent, Hamilton Wright, Henry J. Finger.*

For China: *Liang Cheng.*

For France: *H. Brenier.*

For Great Britain: *W. S. Meyer, W. G. Max Mueller, William Job Collins.*

For Italy: *G. de la Tour Calvello.*

For Japan: *Aimaro Sato, Tomoe Takagi, Kotaroa Nishizaki.*

For the Netherlands: *J. T. Cremer, C. Th. Ven Deventer, A. A. de Jongh, J. G. Scheurer.*

For Persia: *Mirza Mahmood Khan.*

For Portugal: *Antonio Maria Bartholomeu Ferreira*

For Russia: *A. Savinsky.*

For Siam: *Wm. J. Archer.*

# APPEDIX II

## Persian Opium Laws.

**Art. I**—From the date of promulgation of the present laws a tax of six shahis will be collected on each miscal of manipulated opium.

**Art. II**—With a view to preventing the dangerous use of the shireh derived from the soukhteh (residue of the smoked opium)

a—The soukhteh obtained from opium smoked throughout the country must be delivered to the officials of the Finance Ministry who have to collect same against payment of a commission of three shahis per miscal payable to persons delivering the soukhteh to the Finance Officials. Should any person refuse to deliver the soukhteh or conceal it, the soukhteh will be confiscated and destroyed in his own presence.

b—The officials are held to register the names of addicts to the habit of smoking the shireh and the quantity of shireh smoked in each locality.

Out of the soukhteh collected, shireh, just enough to meet the requirements of the locality will be prepared and distributed among the addicts against a commission of 12 shahis a miscal. All excess of soukhteh will be destroyed at the end of each year with the knowledge of the Ministry of Finance.

**Art. III**—In localities where the collection of the soukhteh has been in practice before the law was passed, the provisions of the Article 2 will be effective from date of enactment of this law; in places where the collection has not been in practice this law will take effect three months after the promulgation.

**Art. IV**—From the beginning of the third year up to the end of the seventh year of the promulgation of this law, the tax on the manipulated opium must be enhanced by three shahis per annum and the tax on the shireh enhanced by three shahis per miscal per annum. From the beginning of the eighth year the use of the shireh will be totally stopped and the use of opium confined only to medicinal purposes.

**Art. V**—Commercial opium exported from the country is free from the above tax.

**Art. VI**—Rules regulating the executing of this law, prevention of smuggling, inspection and administrative routine will be framed jointly by the Ministries of Finance and Interior.

The opium law comprising six articles was passed in the sitting of the 12th, Rabi-ol-Aval, 1329, with a majority of 52 votes out of 72 members present.

President of the National Assembly

*Motamen-ol-Molk.*

This opium law is seen and signed by virtue of Articles 17 and 33 of the Fundamental Law.

12th, Rabi-ol-Aval, Tangouz-il 1329

(A.H.Solar 1298, A.D.1910)

*Nasser-ol-Molk, Regent.*

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Law Amending **Art. II** of the Opium Law.

**Supplementary Article.**

From date of the 15th Mizan, Taveshghan-il 1333, the three shahis remuneration which according to the Article II of the Tahdid Law, ratified on the 12th Rabi-ol-Aval, 1329, given to the persons who deliver the soukhteh to the Finance Officials will be reduced to one shahi.

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The law amending the Tahdid Law was approved by the Majority vote on the session of Saturday 21 Zighadeh-ol-Haram, (9th Mizan 1333), (A.H. Solar, 1293 A.D. 1914).

Signed *Motamen-ol-Molk*

President of the National
Consultative Assembly

# APPENDIX III.

## Opium Production.

In considering plans for opium substitutes, it is desirable to have a general picture of the system of opium cultivation and of the trade channels through which the opium sap and the manufactured product moves.

Opium is produced in eighteen out of the twenty-six provinces of Persia. The cultivation is thus scattered over an area of approximately 400,000 square miles. The only provinces lying outside of the zone of cultivation are those in the Persian Gulf littoral and the Northern provinces, such as Azerbayejan, Guilan, Astarabad, Khamseh and Kurdistan.

An area of approximately 1000 square zars is required for the production of one batman of opium sap. With a total production of not less than 300,000 batmans of sap, the area under poppy cultivation may, therefore, be estimated at 300,000,000 square zars or 70,000 acres.

The problem of control of production is greatly complicated by the wide geographical distribution of poppy culture, by the possibility of profitable cultivation on very small pieces of ground such as the gardens of anderouns, or harems, where supervision by government agents is practically impossible, and by the further fact that many of the best producing areas are only now beginning to come under the control of the Government.

The opium poppy is sown in the months Mizan and Dalve ( October-December ). The crop requires no irrigation until after Nowrooz (March 21st.), but during the succeeding two months is watered once in twelve days. During this period water is both plentiful and cheap. This is a point of utmost importance when considering crop substitution as irrigation is very costly in Persia, and the crops which may be substituted for opium, require much more water and at periods when it is scarcest and most expensive.

The crop is usually gathered from Jowza (May) to Assad (August). In the Southern provinces the harvest begins in Hamal (March-April) and ends in early Saratan (June). After

the opium crop is harvested, other crops are generally sown which enable a double harvest from the same land in a year. This is not practicable with the principal substitute crops.

Control of the opium sap is rendered very difficult by the large number of people who enter the opium growing areas at the time of harvest. Up to this time, cultivation is carried on by the peasants, but the poppy head must be scratched as soon as ripe, or no juice will be obtained. This necessitates the employment of a large number of extra hands. Many of the extra day labourers are procured from nearly towns or villages, but a large number follow the harvest north for long distances, as do harvest hands in the Western United States. These men are usually paid in opium sap or partly in sap and partly in cash.

During the harvest peddlers and small store-keepers, who have advanced goods on credit to the peasants during the year, go to the villages and secure their payment in opium sap. Occasionally, at this time gifts of sap are made to the village mullahs and the village barbers and carpenters are paid for their services in the same medium. As soon as the sap gathering begins, thousands of vendors of small wares and sweetmeats go out from the large towns and barter their wares for sap in the poppy fields. Dervishes, story tellers, beggars, musicians, and owners of performing animals go from one field to another and are rewarded or given alms by having the flat side of the opium knife scraped on their palms, or on the small bowls carried by the dervishes. These are followed by travelling opium buyers who purchase their accumulations and also buy from the peasants. When it is realized that there may be easily from three to five thousand strangers in a single area during the harvest season, each with opium sap in his or her possession, the difficulty of centralizing the entire crop becomes apparent. As most of these people depend on their gains during this season for a considerable portion of their annual income, the hardships imposed on them by complete centralization may also be seen. When the proprietors and peasants are required to place all their sap in the warehouses as soon as gathered, thousands of these more or less legitimate middlemen are deprived of their occupation. Much of the profit which went to them is now secured by the proprietors and peasants themselves, and, as they come to realize this, their opposition to centralization is diminishing.

In addition to the foregoing classes interested in the collection of the sap, there are in the important opium centers the opium brokers, opium commission merchants and the

merchants who manipulate opium for local consumption and export. These with their staffs and the carpenters, packers, porters, coppersmiths, etc., partially dependent on the opium trade, constitute a numerically and politically very important section of the population.

The foregoing has been presented in some detail to point out the necessity for the greatest prudence in the execution of any plan either for centralization of the sap or reduction in the opium cultivation. Under the present conditions, no other employment is open to either the capital or labour employment of the opium industry and new outlets must be provided before any serious progress can be made.

To indicate the progress made to date in the centralization of opium sap in the government ambars, the following tabulation of entries for the last six years is given. The entries for 1302 (1923-24) represent in the neighbourhood of two-thirds of the total production.

| YEAR | | Amount of Opium Sap Entered in Government Warehouses. Datmans | Pounds |
|---|---|---|---|
| Yount-il | 1297 (1918-19) | 73,486 | 477,659 |
| Ghouy-il | 1298 (1919-20) | 71,133 | 462,364 |
| Pitchy-il | 1299 (1920-21) | 97,673 | 634,874 |
| Takhaghouy-il | 1300 (1921-22) | 8,808 | 382,252 |
| It-ill | 1301 (1922-23) | 177,859 | 1,156,083 |
| Tanguz-ill | 1302 (1923-24) | 211,177 | 1,372,650 |

This indicates that at least 88,823 batmans, or 577,349 pounds were dealt in as contraband during the last year. Illicit transactions in opium are of three principal kinds, retention by cultivators for their own use, smuggling within the country for local consumption, and import and export smuggling. Of these the second is by far the most important. The tax on opium for local consumption is very heavy and smuggling for local consumption is highly organized. During the last year one such transaction was discovered in which the contraband opium was guarded in transit by 150 well armed horsemen.

Despite all the difficulties mentioned above, steady progress is being made in bringing the traffic under control and with the extension of the power of the Central Government, there is good reason to hope for the practical elimination of the contraband trade in the

country. If at the same time, necessary financial and technical assistance is provided to enable crop substitution, it may be confidently anticipated that within a period of ten years after the provision of such assistance, the production of opium in Persia may be reduced to the medicinal and scientific requirements, without placing an undue burden on the country during the transition period, and with an eventual increase in prosperity to those now engaged in the opium industry and to the country as whole.

# APPENDIX IV.

## Persian Imports and Exports of Opium.

**Imports:**

Importation of opium into Persia is from two countries only, Afghanistan and British India. The importations from India are not landed but transhipped at Bushire. Until the last two years the importations from Afghanistan have for the most part been smuggled into Persia without payment of duty. For the four years prior to 1301 (1922-23) the importations through the Customs averaged 70 batmans per annum. In 1301, however, the patrols on the Afghanistan frontier were strengthened with the result that the importations through the Customs jumped to 2,313 batmans in that year and to 3,396 batmans in 1302 (1923-24). The latter figure may be taken as the minimum importation for the past several years.

The following tabulation gives the importations of opium into Persia for the period 1292 (1913-14)-1302 (1923-24).

| Year A. H. Solar | A. D. | BATMANS | POUNDS | Value Krs. |
|---|---|---|---|---|
| 1292 | 1913-14 | 717 | 4,660 | 248,594 |
| 1293 | 1914-15 | 439 | 2,853 | 87,036 |
| 1294 | 1915-16 | 11 | 71 | ,335 |
| 1295 | 1916-17 | 770 | 5,005 | 258,382 |
| 1296 | 1917-18 | 111 | 721 | 30,098 |
| 1297 | 1918-19 | 67 | 435 | 23,665 |
| 1298 | 1919-20 | 17 | 110 | 5,158 |
| 1299 | 1920-21 | 44 | 286 | 8,753 |
| 1300 | 1921-22 | 147 | 955 | 41,474 |
| 1301 | 1922-23 | 2,313 | 15,034 | 622,741 |
| 1302 | 1923-24 | 3,396 | 22,074 | 1,038,681 |

Transhipments of Indian opium do not appear in the records prior to 1302 (1923-24),

at which time they commenced probably due to the increasing severity in the execution of the export regulations by the Indian Government. In that year the transhipments at Bushire reached a total of 10,439 batmans. As soon as this was discovered, representations were made to the Council of Ministers that this trade was totally to the disadvantage of Persia in that it enabled Indian opium to be exported to countries to which it could not be exported direct from India, while Persia incurred the opium on account of the fictitiously augmented export, and at the same time suffered an inevitable depression in the market and value of Persian opium. The same being true of imports from Afghanistan, it was recommended that all such importations and transhipments be prohibited. Correspondence from the Ministry for Foreign Affairs indicates that similar representations have been made by the British Legation. It is understood that these proposals have been approved by the Council of Ministers.

The transhipments of Indian opium at Bushire in 1302 (1923-24) were as follows:—

| | | | |
|---|---|---|---|
| For China | 1,000 | Batmans | 6,500 pounds |
| „ France | 243 | „ | 1,579 „ |
| „ Hungary | 9,196 | „ | 59,774 „ |

If the declarations represent the actual destinations, there is little doubt that these represent illicit transactions, as otherwise the shipments to Europe could have been made direct from Indian Ports. In the Raw Opium Statistics published by League of Nations O.D.C.I. Second Opium Conference July 22, 1924 appears a note that Hungary had 946 chests opium in transit (year not stated). In page 5 of the same report the statement appears that no opium, morphine or alkaloids of opium were manufactured in Hungary in 1922-23. Attempts had been made to manufacture these products in the years preceding 1914, but they had not been successful.

**Exports:**

In an estimate of the annual traffic in Persian and Turkish opium, League of Nations, O.C. 84, Geneva January 5th. 1922, it is stated that the combined Persian and Turkish opium traffic cannot be less than 1,000,000 pounds per annum.

The figures taken in this estimate for the period 1914-19 are as follows:—

| | |
|---|---|
| Persian opium | 4,097,187 pounds |
| Turkish opium | 1,792,488 „ |
| Total. | 5,889,675 pounds |

To arrive at these totals, the imports into the United Kingdom and the United States were taken plus the transhipments at Bombay. Imports into the United States were estimated on the basis of 50 % Turkish and 50 % Persian opium.

To verify these and the Persian export figures, the foregoing statement was analysed and compared with available data. According to the statement of the League of Nations, the combined Persian and Turkish export trade would amount to 1,777,935 pounds per annum, of which the Persian share would be 819,437 pounds. As the Persian year begins on the 21st. March, the statistics are not quite comparable, especially as at the beginning of the period the exports were heavy and unusually light at its end, 1292 (1913-14), with only three months of 1914 has, therefore, been included, as has 1298 (1919-20) with three months of 1920. This gives a seven years period for comparison against the six years period, 1914-19, used by the League of Nations. A fair comparison cannot otherwise be had.

| | |
|---|---|
| Annual export: L. of N. figures 1914- | 819,437 pounds |
| Persian Customs figures 1292 (1913-14) 1298 (1919-20) | 785,270 „ |
| Excess L. of N. over Persian figures | 34,167 pounds. |

The total exports of opium indicated by the Persian Customs figures for the period 1292 (1913-14)-1302 (1923-24) are given below:—

| A. H. Solar. | A. D. | Batmans | Pounds | Value Krs. |
|---|---|---|---|---|
| 1292 | 1913-14 | 118,541 | 770,516 | 37,714,494 |
| 1293 | 1914-15 | 134,641 | 875,166 | 41,446,256 |
| 1294 | 1915-16 | 122,922 | 798,993 | 41,732,238 |
| 1295 | 1616-17 | 118,109 | 767,708 | 41,597,275 |
| 1296 | 1917-18 | 115,305 | 749,482 | 44,783,249 |
| 1297 | 1918-19 | 56,201 | 365,306 | 28,595,885 |
| 1298 | 1919-20 | 49,903 | 324,396 | 24,166,116 |
| 1299 | 1920-21 | 56,193 | 365,254 | 22,178,390 |
| 1300 | 1921-22 | 39,338 | 255,697 | 15,449,663 |
| 1301 | 1922-23 | 101,638 | 660,647 | 40,908,128 |
| 1302 | 1923-24 | 106,282 | 690,833 | 60,219,715 |

**Distribution:**

The following table shows the distribution of the opium exports during the last two years:

| Declared Destination | Batmans | Pounds | Value Krs. |
|---|---|---|---|
| **It-il, 1301 (1922-23)** | | | |
| England | 44,637 | 290,141 | 18,099,420 |
| China | 25,650 | 166,725 | 11,005,000 |
| Russia | 22 048 | 143,312 | 8,372,440 |
| British India | 5,672 | 36,868 | 2,092,000 |
| Japan | 3,279 | 21,313 | 1,180,000 |
| Mesopotamia | 176 | 1,144 | 88,000 |
| Egypt | 171 | 1,111 | 70,000 |
| Germany | 4 | 26 | 1,100 |
| France | 18 | — 8 | 168 |
| Total | 101,637 | 660,640 | 40,908,128 |
| **Tanguz-il, 1302 (1923-24)** | | | |
| Russia | 69,427 | 451,276 | 40,994,810 |
| China | 21,106 | 137,189 | 11,604,700 |
| Japan | 5,479 | 35,614 | 3,067,600 |
| Arabia | 7,102 | 46,163 | 2,920,000 |
| England | 1,508 | 9,802 | 841,920 |
| United States | 1,212 | 7,878 | 600,000 |
| British India | 369 | 2,398 | 147,605 |
| Mesopotamia | 77 | 500 | 42,580 |
| Oman | ½ | 3 | 500 |
| Totals | 106,280 | 690,823 | 60,219,715 |

To the 1302 figures should be added the transhipments, which will probably be credited to Persia in statistics of importing country, if not entered as contraband.

| | | | |
|---|---|---|---|
| China | 1,000 Batmans | 6,500 Pounds | Value not stated. |
| France | 243 „ | 1,579 „ | „ „ „ |
| Hungary | 9,196 „ | 59,774 „ | „ „ „ |
| Total | 10,439 | 67,853 | |
| Total exports and transhipments | 116,719 | 758,673 | |

The very large increase in the declarations for Russia in the last two years is worthy of attention. To enable comparison, the figures for the last seven years, are given below:

| Solar | A. D. | Batmans | Pounds | Value Krans. |
|---|---|---|---|---|
| 1296 | 1917-18 | 38,844 | 252,486 | 16,069,534 |
| 1297 | 1918-19 | 6,557 | 42,620 | 2,464,805 |
| 1298 | 1919-20 | 5,693 | 37,004 | 1,744,814 |
| 1299 | 1920-21 | 5,058 | 32,877 | 1,236,445 |
| 1300 | 1921-22 | 3,814 | 24,791 | 1,286,867 |
| 1301 | 1922-23 | 22,048 | 143,312 | 8,372,440 |
| 1302 | 1923-24 | 69,427 | 451,275 | 40,994,810 |

Exports via the northern frontier to Russia during the last three years are as follows:

| Solar | A. D. | Batmans | Pounds | Value Krans. |
|---|---|---|---|---|
| 1300 | 1921-22 | 3,785 | 24,602 | 1,276,147 |
| 1301 | 1922-23 | 4,000 | 26,000 | 999,940 |
| 1302 | 1923-24 | 2,890 | 18,785 | 1,122,490 |

It will be noted that the exportations via the northern frontier have declined and that the entire increase in the export is through Bushire. It is therefore clear that the large increase in the declarations for Russia do not represent shipments to Russia proper. If shipped to Siberia it is impossible to state with the information at hand whether the opium ever reaches the port for which declared and if so its ultimate destination. The only information at hand in connection with the Siberian Opium Traffic is contained in a Documentary Study, October, 1923 of the International Convention by the Swiss industries interested in opium, in which appears the statement that China also receives opium from Siberia where the Republic of Soviets of the Extreme Orient encourages the cultivation of the poppy and has granted a concession, with headquarters in Vladivostock to a society known as the Bureau of the Opium Monopoly of Siberia. Before February 1923 this enterprise attempted to purchase from the Anglo—Indian Regie not less than 180,000 pounds of opium (League of Nations C 171 (1) M 88 (1) 1922 XI, p 11). Japanese morphine is also sent thru Vladivostock (Report of the Commission on opium 6 June 1923, League of Nations O. C. 144)—.

Effect of Opium Export on Trade Balance.

In view of the adverse trade balance any further reduction in exports is of serious

consequence. The following tabulation of opium exports through Customs Houses as compared with the total exports of Persia, exclusive of oil, is therefore presented. Oil is excluded from all such tabulations of Persian exports as, while actually the largest item of export the only return to the country lies in such funds as it may be necessary to import to cover the payroll and local expenditures of the exporting company and the royalties paid the Government

**Comparative Statement opium & Total Exports**

| Year A. H. Solar | A. D. | Total Export Trade Exclusive of Oil, in Krs | Value of Opium Ex.-ported Krs. | Percentage Opium Exports to all Exports Excl of oil |
|---|---|---|---|---|
| 1297 | 1918-19 | 115,564,195 | 28,595,885 | 24.7 % |
| 1298 | 1919-20 | 187,113,313 | 24,166,116 | 12.9 % |
| 1299 | 1920-21 | 137,441,315 | 22,178,390 | 16.1 % |
| 1300 | 1921-22 | 179,548,517 | 15,449,663 | 8.6 % |
| 1301 | 1922-23 | 305,656,123 | 40,908,128 | 13.3 % |
| 1302 | 1923-24 | 384,000,000 | 60,219,715 | 15.6 % (a) |

(a) 1302 total approximate.

It will be noted that in 1302 (1923-24) the opium exports represented 15.6 % of the declared value of all exports exclusive of oil. The export taxes on opium are on a specific basis and there is every inducement to the exporters to undervalue their shipments and thus conceal their true profits from the producers. The average declared value per batman of six and half pounds in 1301 was Krs. 402 and 567 in 1302. Both valuations are much too low. If due allowance is made for undervaluation and for the contraband export of opium it may be safely taken that the opium exports represent from to 20 to 25 percent of the entire exports of Persia exclusive of oil.

As another proof, were it needed, of the danger of further reducing Persia's export trade there is given below a statement of the total imports and exports of Persia, exclusive of exports of oil.

| Year A. H. Solar | | A. D. | Importations Krans | Exports Exclusive of Oil, Krans. |
|---|---|---|---|---|
| Ghou-il | 1298 | 1919-20 | 629,792,696 | 187,113,000 |
| Pitch-il | 1299 | 1920-21 | 482,351,633 | 137,441,000 |

| Year A. H. Solar | A. D. | Importations Krans | Exports Exclusive of Oil, Krans. |
|---|---|---|---|
| Takhaghouil 1300 | 1921-22 | 609,775,368 | 179,548,000 |
| It-il 1301 | 1922-23 | 619,201,046 | 305,656,000 |
| Tangouz-il 1302 | 1923-24 | 694,179,723 | 384,000,000 (a) |

(a) 1302 totals approximate.

It will be noted that the export trade is but now beginning to show signs of recovery and that only in the last two years have the exports approximated 50 % of the imports. It would be suicidal to undertake any program involving further reduction in exports until such time as other exportable products have been developed to replace opium.

# APPENDIX V.

## Taxes on Opium.

### Land Tax.

Opium cultivated in Persia is subject to the Government's tithe, or 10 % of the net share of the proprietor, as is the case with all other farm products.

The proprietor's net share on opium cultivation is usually one-third of the total.

The opium crop amounting to approximately 300,000 batmans at 35 tomans per Batman, the total value thereof is tomans 10,500,000 the proprietor's share tomans 3,500,000 and the Government's tax due tomans 350,000

### Banderoles for Local Consumption.

All opium for smoking must be banderolled under the law, for which a tax amounting to 21 shahis per miscal (Krs. 672-per batman) is collected on 9,400,000 miscals annually. Total per annum Ts. 987,000

The amount on which tax is paid is approximately one sixth of the total local consumption.

### Manipulation Fees.

Opium for local consumption:

| | | |
|---|---|---|
| 2 miscal sticks | Krs. | 18—per batman, |
| 4 „ „ | „ | 16— „ „ |
| Export opium | „ | 4 „ „ |

Total per annum, including sealing charges, Ts. 14,000

### Warehouse Charges.

There is a charge of one shahi per batman per day for opium stored in Government warehouses (not yet collected in all provinces).

Annual revenue Tomans 19,000

### Transport Charges.

Opium sap and manipulated opium must be transported under permit, for which

there is a charge of 75 dinars per batman per Farsakh.

Total per annum Tomans 200,000—

## Customs Tariffs.

| | | |
|---|---|---|
| Import per batman | Ts. 6— | 22,000— |
| Export „ „ | „ 2— | 220,000— |
| Miscellaneous Charges | | 5,000— |
| Total per annum | | Ts. 247,000— |

## Remark.

Figures based on returns of 1302.

## Shireh of Soukhteh.

Sold at Krs. 1.35 per miscal.

Annual revenue Ts. 200,000

## Fines.

The provisions of laws and regulations relative to fines and penalties are as follows:-

Adulterated opium sap is confiscated and destroyed and a fine of one kran per miscal imposed.

Concealed opium bearing no banderoles confiscated and two krans per miscal collected as fine.

Adulterated manipulated opium is liable to confiscation and destruction and payment of a fine of three krans per miscal.

Printers, users or possessors of forged or re-used banderoles subject to confiscation and payment of from 500 to 1,000 tomans fine.

Banderoled opium transported without permit liable to a fine of ten krans per batman.

Contraband soukhteh and adulterated shireh are subject to confiscation, destruction, and payment of a fine of one kran per miscal.

Contraband morphine to be destroyed and possessor liable to a fine of 50 krans per miscal.

Insolvent offenders undergo imprisonment for periods varying according to the importance of the offence.

otal revenue from fines and penalties Tomans 30,000|- per annum.

**Summary.**

| | | |
|---|---|---|
| Land Tax | Ts. | 350,000-. |
| Banderoles | „ | 987,000-. |
| Manipulation Fees | „ | 14,000-. |
| Warehouse Charges | „ | 19,000-. |
| Transport | „ | 200,000-. |
| Customs „ | „ | 247,000-. |
| Shireh „ | „ | 200,000-. |
| Fines | „ | 30,000-. |
| | Total Ts | 2,047,000-. |

Total revenue Ts. 23,000,000-.

Percentage of opium revenue to total revenues 8. 9 %

# APPENDIX VI.

**Not available for this report.**

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# APPENDIX VII.

## Expenditures Required to Enable Curtailment Opium Production to Medicinal and Scientific Purposes.

As stated in the body of report, it is impossible wilh the available data to work out any comprehensive scheme for the substitution of other crops and other industries for opium.

Certain points, however, stand out clearly.

Opium substitution involves not merely the substitution of other crops for opium, but the provision of irrigation for such crops and of facilities for their transport and marketing.

As substitute crops will not for years produce government revenue to compensate for the loss of opium revenues, new revenue sources must be developed, or existing sources more fully exploited.

Unless much time and money is to be lost in experimentation, the first step in the substitution of other crops and other revenue sources for opium must be a careful survey of the agricultural and mineral resources of the country coincident with a study of its transportation facilities and requirements, and its economic condition.

Another unquestionably necessary step is the provision of expert direction and instruction, both in the introduction of new crops and in the proper methods and appliances to secure increased returns from crops now culttvated. In a country such as Persia with a very small percentage of literacy among the agricultural population, such direction and instruction must be mainly oral and by example, therefore a considerable number of skilled instructors and of centrally located model farms and experiment stations will be required.

The enterprises which will yield the quickest returns to the Government to compensate for the loss of opium revenues are those connected with the development of the Government owned villages, and with the provision of additional water to the Government and privately owned properties.

With the foregoing considerations in mind a tentative program has been prepared and is submitted below for consideration.

(A) Preliminary Agricultural, Transportation, and Economic Survey.

Party should include experts in wheat, rice, cotton, silk, tea, tobacco, fruit, nuts, cane, and beet root growing and sugar manufacture. Expert in wool growing and the breeding of draught animals and beef cattle. Foreign trade expert with special knowledge of markets and market requirements and specifications for agricultural products. Transportation experts, especially experienced in mountain road, railroad, and light railway location and construction, and with knowledge of comparative possibilities of aerial conveyor systems. Irrigation engineer, preferably with experience also in the reclamation of marsh, particularly salt marsh lands. Banking expert with special knowledge of government farm loans, loans to settlers and colonists, and of agricultural banking systems.

Estimated cost Tomans 100,000.

(B) **Preliminary Survey of Mineral Resources.**

As stated in the body of the report, the known mineral resources of Persia include coal, iron, copper, red oxide, lead, zinc, salt, alum, orpiment, and turquoise. Some places gold mining is reported, but no information is available as to whether gold exists in quantity sufficient to permit commercial exploitation. Reports indicate the possibility of silver being found in one province. The coal, iron, copper, and red oxide deposits are important.

The party should include not only engineers to estimate the extent, workability, and value of the mineral resources of the country, but also experts on the financial aspects of mineral exploitation and concessions, in order that their report may include both a statement of the mineral resources of Persia and a practical plan for their development.

Estimated cost Tomans 100,000.

Both the surveys mentioned above can be made at any time between April lst. and December 30th.

(C) **Transportation.**

There is already a mass of information and data compiled on Persia's transportation requirements. In connection with the curtailment of opium production the only projects

necessary to consider are those for the opium growing areas. A light railway connection with the Indian Railway system at Dozdab will assist materially in this connection in so far as the province of Khorassan is concerned, and will bring greatly increased revenues to the Government by providing a market for the wheat and other products of Seistan. A very considerable passenger revenue would also be obtainable, as such a line would result in an enormous increase in the pilgrim traffic from India to the Persian shrines.

It is possible that a light railway connection between Kerman and Dozdab would be justified.

A road connecting Kerman, parts of Fars and the Persian Gulf Port of Bandar Abbas was located and partly constructed by British army engineers during the war as was a road between Bushire and Shiraz. Neither of these routes are commercially practicable at present for any commodity which is not relatively high in value to its weight and bulk. As these regions depend on opium for the most part for their cash crops, it will, in all probability, be necessary that one or both of these routes to Persian Gulf ports be developed, if any attempt is made to substitute other crops for opium.

Estimated cost Tomans 3,000,000.

(D) **Partial List of Irrigation Projects under Consideration.**

| | | Tomans |
|---|---|---|
| 1. | Irrigation system of Guilan | 50,000 |
| 2. | Construction Karganroud Dam, Astarabad | 25,000 |
| 3. | Construction Meankangi Dam, Bushire | 25,000 |
| 4. | Addition of 60 sangs water to Karaj river | 25,000 |
| 5. | Raising Shahroud water for irrigation of Kazvin lands | 300,000 |
| 6. | Karun Dam of Khuzestan (practicability requires study) | 1,500,000 |
| 7. | Amir Dike, Fars | 15,000 |
| 8. | Construction Ramjerd Dam Fars, | 175,000 |
| 9. | Construction Shile & Hirmand Dikes of Seistan | 150,000 |
| 10. | Kood Rengh diversion project Isfahan | 300,000 |
| | Total Ts. | 2,565,000 |

## (E). Partial List of Measures under Consideration in Connection with Crop Substitution and Improvement of Agriculture.

| | Tomans |
|---|---|
| 1. Purchase of machinery for Public Domains and demonstration purposes | 100,000 |
| 2. Development of silkworm, cotton, flax and importation of seeds for Public Domains and privately owned villages | 300,000 |
| 3, Inoculation of animals against cattle plague and anthrax 50,000 tomans per annum for five years | 250,000 |
| 4. Destruction of Sen and Locusts (100,000 tomans per year for for five years) | 500,000 |
| Totals Ts. | 1,150,000 |

## (F) Partial List of Reproductive Public Works under Consideration

| | Tomans |
|---|---|
| 1. Dizful Bridge (repair) Khuzestan | 20,000 |
| 2. Construction Varamin Road Teheran | 100,000 |
| 3. Drainage Kamalabad pastures Teheran | 60,000 |
| 4. Reclamation Moghan land, Azerbayedjan | 80,000 |
| 5. Reclamation Khar lands of Teheran | 90,000 |
| 6 Reclamation of Minankaleh lands of Mazanderan | 200,000 |
| 7 Creation Sugar Factory Savoj-bolagh-Teheran (includes development of plantations) | 300,000 |
| 8. Drainage Kavir lands, Varamin-Teheran | 50,000 |
| 9. Reclamation Dashti Dashtestan land, Fars | 40,000 |
| 10. Construction Enzeli Pier, Guilan | 120,000 |
| 21. Construction, repair, and dredging of Ports | 1,500,000 |
| Total Ts. | 2,560,000 |

## (G) Public Domains Development Program.

| PROVINCES | Repairs Kanats. | Construction Kanats. | New Structures and Improvements. | See & Cash Advances | Construction of Dikes and Irrigation System |
|---|---|---|---|---|---|
| Aragh | — | — | — | — | — |
| Astarabad | — | — | 7,000 | 5,000 | 15,000 |
| Azerbayejan | 5,000 | — | 25,000 | 75,000 | 15,000 |
| Boroujerd | — | — | 5,000 | — | — |
| Fars | — | 5,000 | 10,000 | 10,000 | 15,000 |
| Golpayegan | — | — | — | — | — |
| Guilan | — | — | 4,000 | 1,000 | — |
| Hamadan | — | — | — | — | — |
| Isfahan | 5,000 | — | — | 1,000 | — |
| Kashan | 3,000 | 8,000 | 11,000 | 5,000 | — |
| Kazvin | 1,000 | 19,000 | 8,000 | 3,000 | — |
| Kerman | — | — | — | 7,000 | — |
| Kermanshahan | — | 5,000 | 6,000 | 10,000 | — |
| Khamseh | — | — | 10,000 | 2,000 | 8,000 |
| Khorassan | — | — | 16,000 | 5,000 | 10,000 |
| Khouzestan | — | — | — | — | — |
| Koum | — | — | — | — | — |
| Kordestan | — | — | 5,000 | — | — |
| Mazanderan | 5,000 | — | 40,000 | 8,000 | — |
| Nahavand | — | — | 2,000 | 1,000 | — |
| Semnan & Damghan | — | — | — | — | — |
| Shahroud | — | — | 15,000 | — | — |
| Seistan | 6,000 | — | 4,000 | 8,000 | — |
| Teheran | 40,000 | 110,000 | 10,000 | 5,000 | — |
| Yezd | — | — | 5,000 | — | — |
| Total Ts. | 65,000 | 147,000 | 183,000 | 146,000 | 63,000 |

Grand Total **Tomans 604,000**

Note: Additional to annual credits now provided.

## (H) Loans to Proprietors.

The substitution of other crops for opium will necessitate additional land being brought under cultivation to produce corresponding returns to the proprietors. This will require a large capital outlay and the making of arrangements whereby the proprietors can obtain the funds they will require at a reasonable rate of interest. It is not possible for them to develop their properties on borrowed money at the present time. Interest rates in the bazaars run up to 24 % per annum. To finance the needed improvements an agricultural bank with an initial capital of Tomans 2,000,000 should be established. Special legislation would be needed, but could unquestionably be passed to ensure the safety of the loans.

### 1. Technicians, Model Farms and Experiment Stations.

Persian agricultural methods and implements remain practically unchanged since primitive times. Other than hand tools and the wooden plough in use for centuries, there is practically no agricultural equipment in use. Fertilization is little practised and any from of scientific seed selection and crop rotation practically unknown. Land is generally allowed to lie fallow for one or two years after a wheat crop. A very small percentage of the agricultural population are literate.

For these reasons, any program for the replacement of opium by other crops demands skilled technical instruction and direction, as otherwise the wasteful methods now employed would not permit such crops being raised at a cost which would enable a profitable sale for export. Such instruction and direction must be oral and by demonstration, as the general illiteracy precludes the substitution of printed instructions and directions. This necessitates the establishment of more model farms and the employment of a greater number of instructors than would be required in a country where there is a higher percentage of literacy.

Model farms and experiment stations can be established and equipped at an average cost of Ts. 25,000 by taking existing government owned villages for this purpose.

10 Model farms and experiment stations at Tomans 25,000|— Ts. 250,000 250,000—

**2 Model stock farms.**

2 model stock farms, breeding stations and experiment stations for cattle feeding and forage growing at Ts. 37,500|— Ts. 75,000 75,000—

Total of Page 58 Br. Forw. 325,000

**Personnel.**

1. Director of Agriculture,
1. Wheat Expert.
2. Silk worm experts
2. Cotton experts
1. Tobacco expert,
1. Sugar beet expert
1 Tea Expert
1 Forester
1 Irrigation engineer experienced in the construction of small dikes, dams and irrigation systems and in the reclamation of marsh, particularly salt marsh lands.
1 Sanitary engineer with special experience in drainage and malaria control in agricultural districts. Preferably one who has worked on small projects with limited funds where sanitary work has to pay for itself as far as possible.
2 Veterinarians, one with special experience in wool growing and one in breeding beef cattle, horses and mules.
6 Agricultural engineers with practical experience in farming and in the operation of model farms.

Including salaries transportation and allowances for quarters and travelling expenses In Persia an average of Tomans 7500 per annum would be required. At least 20 men would be needed at first. The number could be reduced or their expenses met from current revenues after three years.

| | | |
|---|---|---|
| 10 Expert Ts. 7,500 per annum for 2 years | 225,000 | |
| 10 Expert at Ts. 7,500 per annum for 5 years | 375,000 | 600,000 |
| Extensions to Agricultural School Ts. 25,000 per annum for five years. | | 125,000 |
| Employment of foreign trained Persians and graduates of agricultural shool as field inspectors and demonstrators 40,000, Ts. per annum for 5 years | | 200,000 |
| **Total** | | 1,250,000 |

## Prevention of Smuggling

To prevent smuggling opium into and out of Persia the frontier patrols would have to be reinforced at an approximate additional cost of Tomans 100,000 per annum for 5 years 500,000

To prevent contraband movement within the Empire the inspection service would have to be reinforced at an approximate additional Cost of Tomans 100,000 per annum for 5 years. 500,000

Total 1,000,000

## SUMMARY.

| ITEM | Total Cost Project under Consideration | Proposed Expenditure. |
|---|---|---|
| A. Preliminary Agricultural, Transportation, and Economic Survey | 100,000 | 100,000 |
| B. Preliminary survey of mineral resources | 100,000 | 100,000 |
| C. Transportation | 3,000,000 | 3,000,000 |
| D. Irrigation | 2,565,000 | 1,000,000 |
| E. Crop Substitution | 1,150,000 | 800,000 |
| F. Reproductive Public Works | 2,560,000 | 725,000 |
| G. Improvement Public Domains | 604,000 | 525,000 |
| H. Loans to Propietors | 2,000,000 | 2,000,000 |
| I. Model Farms & Technicians | 1,250,000 | 1,250,000 |
| J. Prevention of Smuggling | 1,000,000 | 500,000 |
| Total Tomans | 14,329,000 | 10,000,000 |

**Note:-**

An arbitrary figure has been set for each item of expenditure to bring the total within the minimum estimate of funds required.

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